



STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

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Surplus Funds Accounts

May 2002

Who Needs to Set Up a Surplus Funds Account. Any elected official who wants to spend surplus campaign funds for non-reimbursed public office related expenses must set up a Surplus Funds Account in order to make these types of expenditures.

The other six legally permissible options for disposing of surplus campaign funds found in RCW 42.17.095 and listed below in "Using the Account" may be engaged in either with a Surplus Funds Account or directly out of the campaign account. However, the dangers of not setting up a separate Surplus Funds Account and simply disposing of surplus funds out of the campaign account are:

- 1) the funds can't be used for non-reimbursed public office related expenses; and
- 2) once new campaign monies are co-mingled with any existing surplus balance, or the surplus is carried forward to a new campaign, or expenditures triggering candidacy for a new campaign are made out of the account, none of the funds in the account is considered surplus and the money now may only be used for expenditures that are directly related to the campaign.

Opening the Account. Take all or a portion of truly surplus funds and open a separate Surplus Funds Account (or transfer latest surplus into an already existing Surplus Funds Account).

"Surplus funds" are the balance of contributions given for a specific election that remain after the election and are not needed to pay off that election's campaign debts. Funds remaining after an election are NO LONGER SURPLUS FUNDS if they have been carried forward to a new campaign, mingled with new contributions for a future election, or used to make expenditures for a future election campaign.

Using the Account. According to RCW 42.17.095(7), you may only use monies in a Surplus Funds Account for one or more of the following:

- non-reimbursed public office related expenses;*
- refunds to contributors [repayment of a candidate's loans to his/her own campaign are subject to the maximum repayment permitted by RCW 42.17.125(3); currently, that maximum is \$3,800 per election];
- payments to the candidate for verifiable earnings lost because of campaigning;
- unlimited contributions to a bona fide political party or caucus political committee;
- donations to a charity registered with the Secretary of State;
- deposits into the state's general fund; and
- transfers to your campaign account for use in a future election (if a different office is sought than the one for which the surplus funds were initially raised, written permission will have to be obtained from contributors before the surplus may be used to seek the different office and contribution limits may apply).

*A "non-reimbursed public office-related expense" is an expenditure incurred by an elected or appointed official, or a member of his or her immediate family, solely because of being an official. See WAC 390-24-032.

Reporting a Surplus Funds Account. When the account is established by opening a separate bank account:

- file a C-1 giving the Candidate's Name plus the words "Surplus Funds Account;"
- transfer all or a portion of the eligible surplus funds into the new or existing Surplus Funds Account (which should be a checking account -- rather than a savings account -- if there will be more than infrequent expenditures out of it); and
- file C-4 reports along with Schedule A's showing any transfers into the account at the top of the Schedule A and also itemizing all expenditures out of the account on the form. File a C-4 for the Surplus Funds Account monthly by the 10th of the month, covering the preceding calendar month, for any month in which you transferred in or spent over \$200. If over \$200 in activity does not occur in a month, the next report is triggered when over \$200 has been transferred into the account or spent out of it since the last report was filed. Then, file the C-4 by the 10th of the following month.

Note: ONLY SURPLUS FUNDS FROM A CAMPAIGN MAY BE DEPOSITED INTO A SURPLUS FUNDS ACCOUNT. RCW 42.17.095(7).